GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:1270
ANSWERED ON:26.02.2003
SALE OF SHARE OF FACT
K. MURALEEDHARAN

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the Government have taken any decision forfresh expression of Interest (EOI)for disinvestment of 51% share holding in the Keraia-based Fertilizers and Chemicals Travancore Limited, Cochin;

(b) if so, the details, thereof;

(c) whether the Government have considered its financial restructuring; and

(d) if so, the details thereof?

Answer

THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY AND MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE):

(a) and (b) Advertisement inviting Expressions of Interest (EOIs) for strategic sale of51% of Government`s equity in Fertilisers and Chemicals Travancore Limited (FACT) wasinitially issued on 6/8.11.2002 with the last date for receipt of EOIs as 4.12.2002. Subsequently, a number of policy initiatives relevant to the nitrogenous, phosphatic and complex fertilizer industry have been taken by the Government resulting into material change in the prospective business and operating environment of FACT. In view of the change, it was decided to issue re-advertisement inviting fresh EOIs for disinvestmentin FACT. The advertisement was issued on 4-6.2.2003 with the prescribed last date for receipt of EOIs as 26-2.2003. Both the advertisements were released in all editions ofThe Economic Times, The Business Standard, The Financial Express. The Hindu, Malayala Manorama and Financial Times (worldwide).

(c) and (d) A proposal from FACT for financial assistance was approved by the Governmentin March 2002 and implemented by the Company. The reliefs extended consist of the following:

(i) Waiver of outstanding interest amounting to Rs.226.88 crores for the period from 1998-99 to 2001-02 on the loan drawn from the Government of India by FACT for its new Ammonia Project at Udyogamandal.

(ii) Moratorium on principal repayment by FACT up to 31.3.2002 on the balance loan amountingto Rs.378.20 crore drawn from Government of India.

(iii) Waiving levy of penal interest on FACT for past defaults in repayment of principaland interest of the Overseas Economic Cooperation Fund (OECF) loan upto 31.3.2002.